

Message Text

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TAGS: EIND, ETRD, EEC

SUBJECT: EC STEEL POLICY -- MINIMUM PRICES

REFS: (A) EC BRUSSELS 605, (B) EC BRUSSELS 532, (C) BONN 1541

1. THE LENGTHY CONSULTATION PROCEDURE WHICH COULD LEAD TO THE COMMISSION'S APPLYING MINIMUM STEEL PRICES UNDER ARTICLE 61 (B) OF THE PARIS TREATY CONTINUES TO MOVE FORWARD (SEE REFTELS A AND B). IT HAS NOW BEEN DECIDED THAT THE EC FINANCE MINISTERS' COUNCIL ON FEBRUARY 16, NOT THE FOREIGN MINISTERS' COUNCIL ON FEBRUARY 9-10 AS REPORTED EARLIER, WILL DISCUSS THE INITIAL QUESTION, THE PRINCIPLE OF APPLYING MINIMUM PRICES. A SECOND ROUND OF CONSULTATIONS ON MODALITIES AND THE EXACT LEVEL OF MINIMUM PRICES WOULD THEN FOLLOW IF THE COMMISSION DECIDES, FOLLOWING THE COUNCIL DISCUSSION, TO IMPOSE MINIMUM PRICES. WE UNDERSTAND THAT AT A COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) MEETING ON JANUARY 28 BELGIUM OBJECTED TO THE TWO-ROUND CONSULTATION, ARGUING THAT ONE COULD NOT PRONOUNCE ON THE APPLICABILITY OF MINIMUM PRICES IF THE LEVEL WERE NOT KNOWN.

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2. THE SPLIT BETWEEN IRELAND, LUXEMBOURG AND FRANCE,

WHICH WANT MINIMUM PRICES AND GERMANY AND THE NETHERLANDS, WHICH DO NOT, CONTINUED TO MANIFEST ITSELF AT MEETINGS OF THE COUNCIL GROUP ON COAL AND STEEL COMMUNITY QUESTIONS (JANUARY 22) AND AT COREPER ON JANUARY 28. A CONTACT IN THE GERMAN PERMANENT REPRESENTATION TOLD US THAT THE FRENCH POSITION AT THE COREPER MEETING SEEMED TO BE WAIVERING AND THEIR ENTHUSIASM FOR MINIMUM PRICES SEEMED LESS ARDENT THAN IT HAD BEEN EARLIER. THE GERMANS, AT THE ABOVE MEETINGS, CONTINUED TO RAISE A VARIETY OF OBJECTIONS TO THE IMPOSITION OF MINIMUM PRICES. THE NEXT DISCUSSION OF THE SUBJECT WILL TAKE PLACE AT THE COREPER MEETING ON FEBRUARY 4.

3. COMMISSION CONTACTS HAVE TOLD US THAT THEY STILL DO NOT HAVE GOOD FIGURES ON STEEL ORDERS FOR JANUARY, BUT HOPE TO HAVE A BETTER READING BY THE TIME OF THE FINANCE COUNCIL MEETING. THE LATEST INFORMATION IS THAT DURING THE FOURTH QUARTER OF 1975, STEEL ORDERS WERE UP 9 PERCENT FROM THE FOURTH QUARTER OF 1974, BUT THE LAST QUARTER IN 1974 SHOWED A SHARP DROP IN ORDERS FROM EARLIER MONTHS, SO THE IMPROVEMENT IS NOT CONSIDERED SIGNIFICANT. PROVISIONAL EC COMMISSION STEEL PRODUCTION FIGURES FOR 1975 PUT TOTAL EC STEEL PRODUCTION AT 125.058 MILLION METRIC TONS, DOWN 19.6 PERCENT FROM 1974 AND DOWN 16.7 PERCENT FROM 1973 EC STEEL PRODUCTION. MORRIS

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